

# Garbage Rate Adjustment FY2019-20

**Keith DeMartini**  
*Finance Director*



**MAY 14, 2019**



# OBJECTIVE

- Receive an overview of Recology's rate application for FY2019-20
- Receive an update from Recology staff on education & outreach efforts
- Receive an update from R3 Consulting on the rate application review
- Waive first reading and adopt an ordinance enacting a 4.43% rate increase for Recology effective July 1, 2019



# AGENDA

1. Recology rate adjustment for FY2019-20
2. Residential and commercial totter rate change summary
3. Protest period and timeline to implement new rates
4. Public Notice
5. Public Outreach and Education
6. R3 Consulting – Report Overview
7. Timeline to Implement
8. Request to City Council
9. Questions



# RECOLOGY PROPOSED RATE ADJUSTMENT FOR FY2019-20

- Garbage service rate requested increase of **4.43%**
- New rate to take effect on July 1, 2019 if approved by City Council
- Rate change factors:
  - Effects of National Sword Campaign by China regarding contaminated waste (revenue loss and processing costs)
  - Recology's operating cost increases.





# RESIDENTIAL GARBAGE TOTER RATE CHANGE SUMMARY

Toter Type	Current Rate	Proposed Rate 7/1/19	Increase
20-gallon toter	\$23.34	\$24.37	\$1.03
32-gallon toter	\$30.09	\$31.42	\$1.33
64-gallon toter	\$60.18	\$62.85	\$2.67
96-gallon toter	\$90.27	\$94.27	\$4.00



# PUBLIC NOTICE

## NOTICE OF PROPOSED RATE INCREASES TO

### Recology San Bruno's Garbage and Recycling Rates



The San Bruno City Council is considering Recology San Bruno's request for an increase to garbage and recycling service monthly charges. Property owners and Recology customers are being notified of this proposed rate increase. A public hearing will be held by the City Council on May 14, 2019 to hear protests on the proposed rate increase. Written protests related to the proposed new rates may be submitted no later than the conclusion of the public hearing.

Recology has requested the rate adjustment in accordance with its Franchise Agreement with the City to be effective July 1, 2019. The net calculation for FY2019-20 is a 5.34% increase, with 3.4% being due to major changes in the international recycling marketplace and the remaining 1.94% being due to normal changes to operating costs. The rate for a 32-gallon residential toter will increase by \$1.61 from \$30.09 to \$31.70.

For more information about the proposal, please call (650) 616-7086 or visit and click on "Proposed Garbage Rate Increase" at [https://www.sanbruno.ca.gov/city\\_departments/finance/default.htm](https://www.sanbruno.ca.gov/city_departments/finance/default.htm)

- Noticed mailed on 3/28/19
- Public hearing schedule
- Protest period
- Approval process
- Rate adjustment
- Proposed increases for garbage, recycling and organics container types
- As of 4/30/19, 111 written responses received

# Recology San Bruno

**Kirsten Pinochi**  
*General Manager*

**Reyne Oceguela**  
*Waste Zero Specialist*



# Letter

# Phone Call

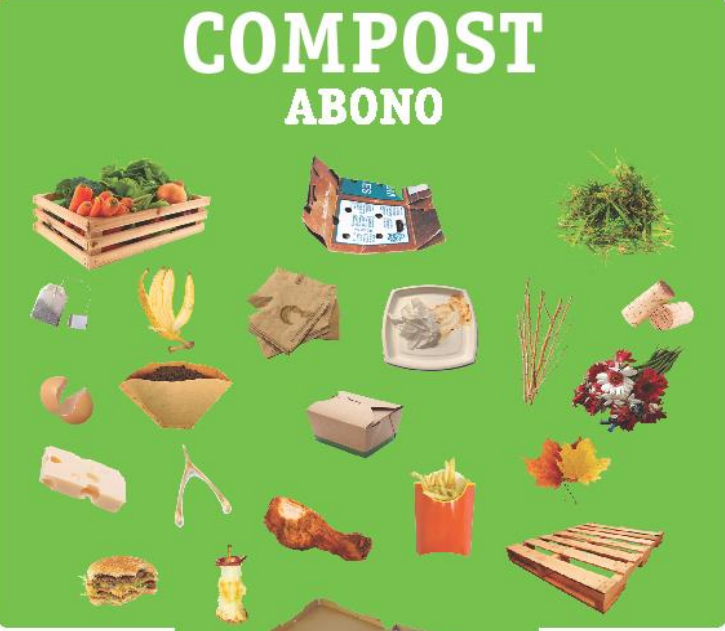
- If behavior isn't changing (i.e. repeated tags). Waste Zero or Customer Service performs outreach to customer







# COMMERCIAL SIGNAGE

## COMPOST ABONO



**R**  
Recology  
San Bruno  
Peninsula Services  
WASTE ZERO

Questions? Call (650) 583-8536  
Recology.com/recology-san-bruno

## RECYCLE RECICLE



**R**  
Recology  
San Bruno  
WASTE ZERO

Questions? Call (650) 582-8536



Or visit us at [RecologySanBruno.com](http://RecologySanBruno.com)



# MULTI-FAMILY & COMMERCIAL PARTNERSHIPS

## Contaminated Bin Recovery

- Tagging contaminated bins
- Outreach to Property Managers



## Enclosure Audits

- Audits to identify common errors in recycle/organics
- Successful set up of bins



## AB1826

- Ensure Compliance
- Provide Audits for exemptions



# SCHOOLS

## Training San Bruno's Future





# CONTINUED PROGRESS

Continued Education and Outreach provides residents and businesses the tools and encouragement they need to effectively participate.



Compost giveaways



Educational Videos



Educational booths

Meeting with  
kitchen staff



Zero Waste Events



# R3 Consulting

**Garth Schultz**  
*Principal*

# RECOLOGY, SAN BRUNO OVERVIEW

- Recology San Bruno is your solid waste services provider
  - Collection, processing and disposal of garbage, recycling and organics.
  - Public outreach and education, technical assistance for businesses and multi-family.
  - Community partners in Operation Clean Sweep, Coats for Kids, Earth Day, and more.
  - Sponsors and gives back— San Bruno Youth Sports, Avenue of Flags, Community Day, etc.

# RATE ADJUSTMENT APPLICATION

- On February 1<sup>st</sup>, 2019 Recology submitted its FY 2019-20 rate adjustment application
- Compensation for services via rates paid by customers
  - Recology is required to submit its request for adjustment to compensation each rate year
  - City is required to review Recology's rate application for Agreement compliance, accuracy and reasonableness

# CHANGING COST OF RECYCLING

- Economics of recycling have shifted due to “National Sword” in 2018
- Recommended 2019 rates include increased processing costs
- Recycling still occurring and still required by State law
- Future net costs depend on markets
- 65% of FY 2019-20 rate increase is due to National Sword

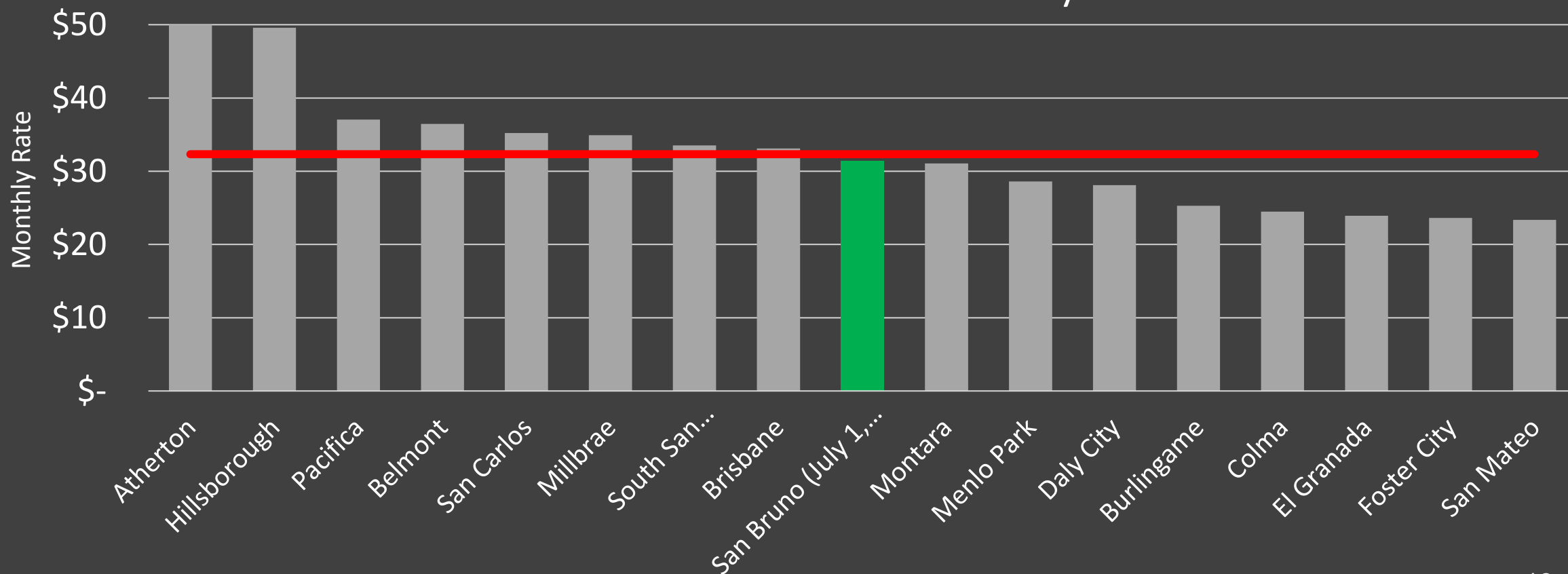


# FY2019-20 RATE ADJUSTMENT

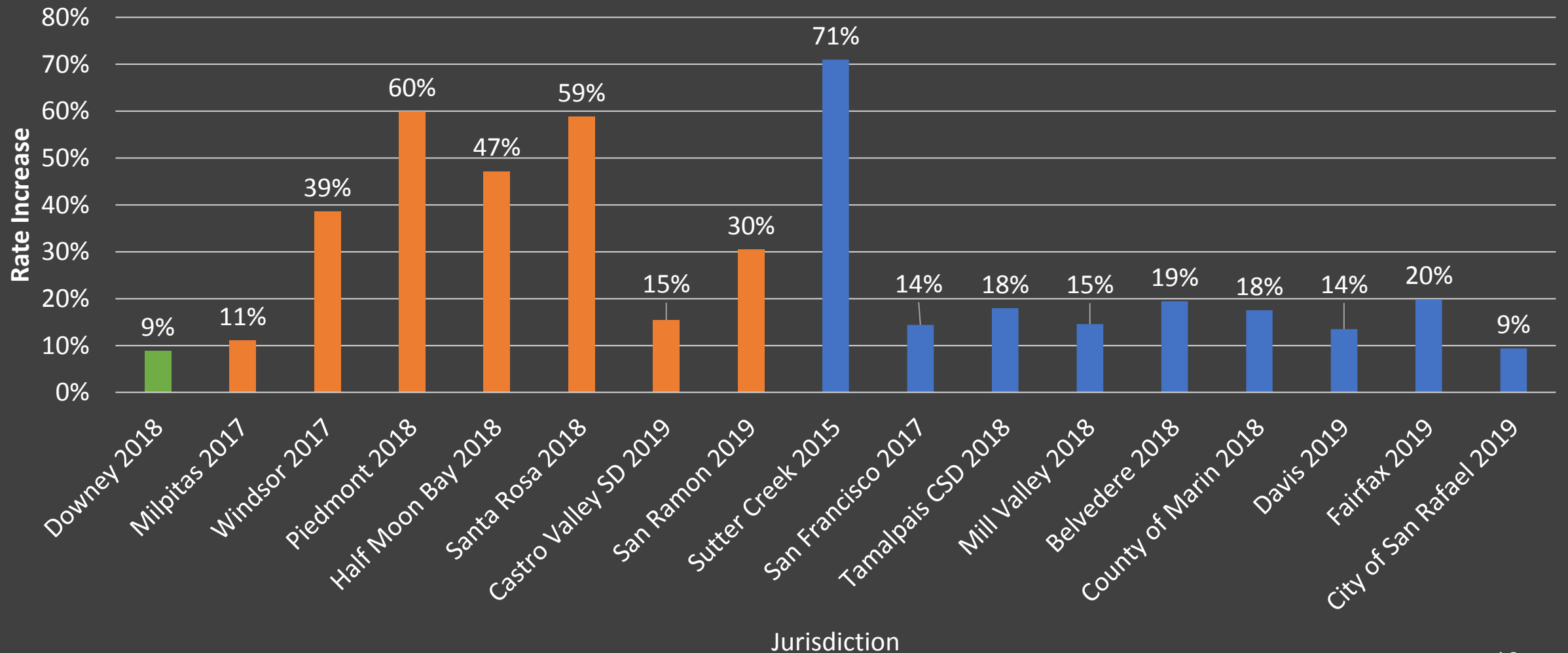
- Recology applied for a **5.34%** rate increase
  - Changes in recycling marketplace
  - Changes in garbage landfilling and organics processing
  - Changes in route labor and other costs
- R3 recommends **4.43%** rate increase, after adjustments to Recology's projections
  - Landfill disposal and organics processing
  - Capital depreciation
  - Actual revenues at current rates
  - City fees paid by Recology

# HOW DOES SAN BRUNO COMPARE?

Comparison of Monthly Residential 32-Gallon Garbage Rates  
Select Cities in San Mateo County



# RATES INCREASING ACROSS CALIFORNIA

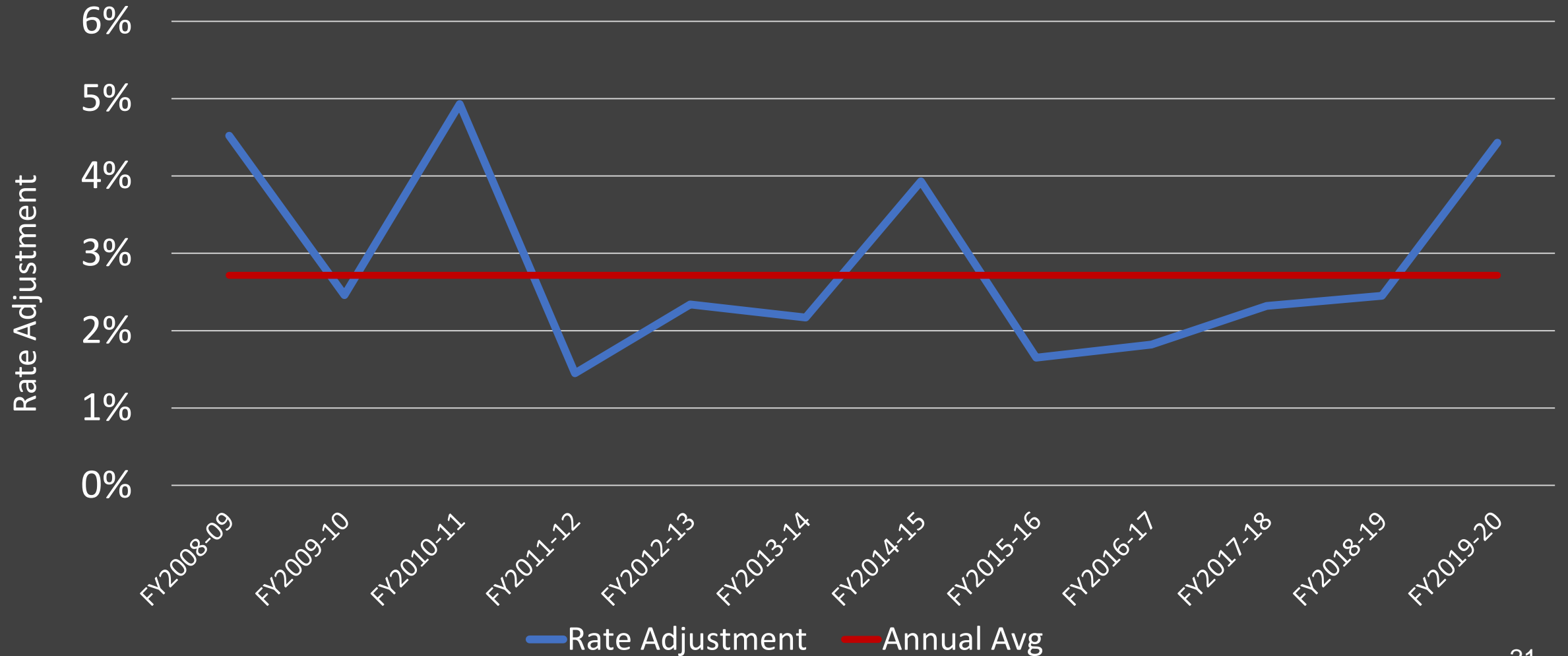


# WHY ARE RATES GOING UP?

- 4.43% increase for 32-gallon residential bill = increase of \$1.33/month

Item	Increase per Month
Recyclables revenue loss/increased processing cost	\$0.87
Collection route labor	\$0.18
Government fees	\$0.17
General and administrative	\$0.07
Garbage landfilling	\$0.04
Organics processing	\$0.02
Truck operations	\$0.02
Depreciation	(\$0.04)

# SAN BRUNO RATES OVER TIME



# NEW STATE MANDATE - ORGANICS

- SB 1383 Short-Lived Climate Pollutants
  - 2020: 50% reduction in landfilled organic waste statewide
  - **2022: Regulations take effect**
  - 2025: 75% reduction in landfilled organic waste statewide
  - 2025: 20% increase in recovery of currently disposed edible food

# SB 1383 CITY RESPONSIBILITIES

**Provide Organics  
Collection Services to All  
Residents and Businesses**



**Conduct Education  
and Outreach to  
Community**



**Secure Access to  
Recycling and Edible  
Food Recovery Capacity**



**Establish Edible  
Food Recovery  
Program**



**Procure Recyclable  
and Recovered  
Organic Products**



**Monitor Compliance  
and Conduct  
Enforcement**



# Timeline & Request to City Council

**Keith DeMartini**  
*Finance Director*







# PROTEST PERIOD AND DRAFT TIMELINE TO IMPLEMENT NEW RATES

Date	Status	Item
March 12, 2019	Complete	City Council directs staff to provide 45-day notice to property owners.
March 28, 2019	Complete	Notices mailed / start 45-day period.
May 14, 2019	In Process	City Council holds public hearing, considers any protests, take action to introduce new rate ordinances for first reading, and the 45-day protest period ends.
May 28, 2019	Hearing Scheduled	City Council conducts second reading and takes action to adopt new rates by ordinance.
July 1, 2019	Planning Underway	New FY2019-20 rates become effective.



# REQUEST TO CITY COUNCIL

- Waive First Reading and Adopt Ordinance Enacting 4.43% Rate Increase for Recology San Bruno Garbage and Recycling Service to be Effective July 1, 2019



# Questions

